



state senator
Dennis Kruse

2005 LEGISLATIVE UPDATE

Indiana Senate
200 W. Washington St.
Indianapolis, IN 46204

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Dennis Kruse

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The State Budget: Holding the Line on Spending

LEGISLATURE PASSES FIRST BALANCED BUDGET IN 10 YEARS

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent growth experienced during the current biennium.

The passage of this budget bill is quite an accomplishment. To overcome a \$600 million structural deficit and end up with reserves – all without new state taxes – is no small feat.

Education funding remained a top priority by the Senate Republicans. The school funding formula is driven by an innovative approach that funds children as individuals instead of simply funding corporations. Special factors are taken into consideration, such as poverty, single parent families and free lunches, when determining the level of funding that is to follow a child.

The General Assembly continually has increased education spending in past years, even when other states were cutting education. In 2003, Indiana had the highest increase of K-12 funding in the country –

during a national recession. The new budget gives more money and adds funding options to Indiana public schools than has ever been given in the history of the state.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in an effort to provide relief to homeowners and other property tax payers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools. Half of all revenue raised by the state sales tax is used for PTRC, as is 14 percent of the income tax and nearly a half billion dollars every year from the wagering tax.

Earlier in the session, Senate Republicans voted to pass a measure to reform the property tax system by giving local governments an option to shift the property tax burden to an income tax in order to be more fair and equitable to Hoosiers. The initiative was successful in the Senate but failed to receive consideration in the House of Representatives when the bill met substantial opposition from local government officials.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

Saving Medicaid

Nearly one in six Hoosiers receives Medicaid welfare. For every dollar of state Medicaid welfare funds saved, \$3 is removed from the health care economy in Indiana. These statistics point to the significance of this program. As a result, the Senate remains determined to restore fiscal solvency to this vital program.

Medicaid costs increased 10 percent last year. Without the aid of a federal grant of \$146.3 million and cost containment measures that trimmed another \$73.4 million, the state would have faced a \$241 million deficit. In spite of these actions, the program still posted a \$21.7 million shortfall.

Governor Daniels cited a control of Medicaid welfare cost growth as a major objective in his first State of the State address in January. Without significant policy changes, projected figures indicate another 10 percent increase this year. Given the tight financial constraints plaguing the state, an increase of this magnitude could bankrupt this vital program and take away money from other important programs like K-12 education.



Above: Sen. Kruse listens to his colleagues debate legislation aimed at improving Medicaid.

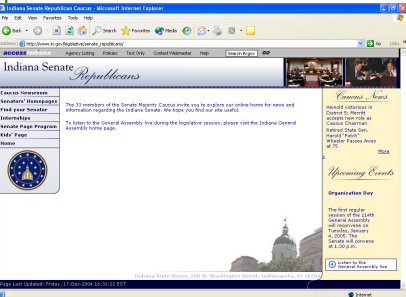
The Senate considers the Medicaid welfare program one of the state's most important services and plans to spend a substantial amount of time identifying ways to improve the program, while keeping it fiscally sound. We want to make sure that Medicaid welfare remains a program that is truly for those who are truly poor and in need of services. This requires a full evaluation of program requirements and making adjustments as necessary.

One of the key elements involved with lowering the cost of Medicaid welfare is purchasing long-term health care insurance. Many people assume that Medicaid welfare will cover the cost of living in a nursing home, but many seniors have to eliminate their assets in order to qualify for Medicaid welfare coverage.

The Indiana Long Term Health Care Insurance Program is a partnership between the state and insurance companies that allows seniors to protect their assets while receiving assistance to pay for long-term care. Because the average cost of one year in a nursing home is \$44,000, it is important to protect yourself against losing your life savings to pay for such care. For more information on the Indiana Long Term Health Care Insurance Program, visit www.longtermcareinsurance.gov or call 1-800-452-4800.

With federal cuts possible, states must find ways to curb spending now. The Indiana Senate remains determined to carefully evaluate every option available to restore fiscal solvency to this vital program.

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In Defense of Marriage: SJR 7



Senate Joint Resolution 7 seeks to amend the constitution to prevent the courts from defining marriage.

The proposed amendment includes a section that bars courts from interpreting the constitution or any Indiana law as a mandate to grant marital status to unmarried couples or groups.

The court deliberations highlight the importance of beginning the lengthy process to amend the Indiana Constitution as soon as possible. This requires multiple steps. First, a legislator authors a resolution to put the proposed amendment on the ballot. If the resolution fails on the first try, it's back to the drawing board – an amendment must be approved by two separately elected, consecutive Indiana General Assemblies.

The first step in the amendment process has been completed. Both the Senate and House of Representatives have approved the resolution for the first time. Therefore, it must gain the approval of the General Assembly again during the 2007 session or 2008 session and then appear as a question on the 2008 general election ballot for voters approval.

Hoosier voters will have the final say when it comes to this issue. Last November, voters in 11 states approved similar amendments across the nation. Indiana legislators acted this year in order to place this decision in the hands of the people.



Above: Sen. Kruse addresses the Senate

Fighting Meth

Methamphetamine production has become widespread in our state, and this year the legislature has proven its commitment to curbing this criminal activity.

In 2003, Indiana law enforcement seized 422 meth labs, a figure higher than any other Midwestern state, according to the Drug Enforcement Administration.

It is difficult to catch meth producers. All of the ingredients needed to manufacture meth can be purchased legally and are relatively inexpensive.

This year, we passed a bill to regulate the sale and purchase of meth precursors in the hope of reducing production in Indiana. Senate Enrolled Act 444 includes a variety of measures designed to stop the production of meth by placing restrictions on the sale and purchase of drugs containing ephedrine or pseudoephedrine, commonly found in over-the-counter cold and allergy medicines.

Retailers must store such drugs in a locked display case or behind a counter that requires employee assistance. Pharmacies may place the drugs directly in front of the pharmacy counter in the line of sight of a pharmacy employee and in an area under constant video monitoring.

Customers purchasing these drugs must present identification and record their identifying information in a log book provided and maintained by the retailer.

The bill bars retailers from selling the drugs to individuals under age 18 and allows no more than 3 grams of drugs containing ephedrine or pseudoephedrine in any one transaction. It also prevents customers from purchasing more than 3 grams of such drugs in a single week.

Meth production has become a significant problem in Indiana. We have no choice but to fight back with every available weapon.

Rooting Out Voter Fraud

Secure, fair elections are essential to preserving the rights of all Americans

Voting in a fair and credible election is at the heart of American citizenship. It is the Legislature's responsibility to adopt policies that protect our representative democracy by ensuring each vote cast is valid and legal.

A group of Senate bills were introduced this year to update outmoded election laws, reinforce the integrity of voting absentee and strengthen voters' rights at the polls by ensuring their votes are secure.

Of all the reform initiatives, none may be as critical as Senate Enrolled Act 483.

SEA 483 requires citizens to show government-issued photo identification at the polls before voting. Photo IDs are required for many commonplace circumstances that Americans face every day, like renting a video or obtaining a library card. It only makes sense that a photo ID be required for something as important as voting.

In fact, many voters are surprised to learn they are not currently required to show some form of identification at the polls. It is not uncommon for a voter to arrive at the polling place and instinctively reach for a purse or wallet to retrieve an ID, only to be told it is unnecessary.

Years ago, poll workers knew the people in their precinct and had no reason to question someone's identity. Now, it is increasingly common for Election Day volunteers to live in another town or city than the one in which they are serving. The voter ID bill gives poll workers a tool to verify a person's identity. Considering recent nationwide vot-

ing problems, and some within Indiana, this is a common-sense step to help prevent fraud.

Objections to requiring a photo ID stem from a concern that some voters cannot afford the \$9 fee needed to purchase a state ID card. The Bureau of Motor Vehicles has agreed to grant photo IDs free of charge to those who cannot pay. Residents of state-licensed nursing homes are exempt from showing identification if a polling place is located in the facility where they reside. The bill also protects the rights of those who have a religious objection to being photographed.

Voters who show up at the polls without identification will be able to fill out a provisional ballot. They then will be required to visit the county clerk or election board's office and show an ID or object on religious grounds. The bill also requires the state of

In 2003, the BMV issued 5.6 million driver licenses and 1.4 million state ID cards.



Indiana to mail out notices informing Hoosiers of the new requirements before the next election.

In 2003, the BMV issued 5.6 million driver licenses and 1.4 million state ID cards. With the state's adult population being just over 4.5 million in 2000, it's hard to imagine this legislation having an adverse effect on the vast majority of Hoosiers. The voter ID initiative has been supported publicly by Secretary of State Todd Rokita, Indiana's chief election officer.

This simple change in the rules will inspire more confidence in the election process and in our state government. Legislators want to protect voters' rights and assure that every vote is counted fairly and equally.

SEA 12 — The "Code Adam" program sets a protocol for lost or missing children in certain state buildings. This initiative, on a smaller scale, is similar to the popular and successful "Amber Alert" program. **PASSED. My vote: YES**

HEA 1501 — This bill establishes the position of inspector general, an employee of the governor, who works to weed out corruption. Years of scandal in previous administrations cost the state at least \$25 million; we may never know the full extent of misspending. **PASSED. My vote: YES**

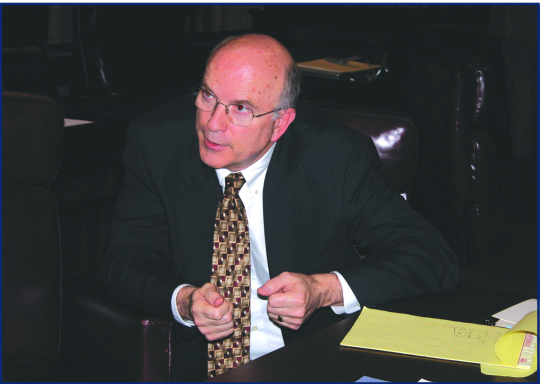
INSPECTOR GENERAL

Rooting out fraud and waste

In 2004, newspaper readers across the state saw an extraordinary number of headlines revealing corruption in state government. In fact, years of scandal in previous administrations cost the state at least \$25 million. An appointed state examiner said we may never know the full extent of misspending.

It can be argued that Indiana state government sees no more scandal than any other state government or large business. The difference is that Indiana government, until recently, lacked any oversight whatsoever. And when those embezzled and misspent dollars belong to taxpayers, a lack of accountability is unforgivable.

For almost two years, the Indiana Senate has been decrying the lack of oversight in state agencies. This year, on his first day in office, Gov. Mitch Daniels created by executive order the position of inspector general — a post that 58 federal agencies, 11 states and every branch of the military already have — to provide much-needed accountability. The Legislature, however, made the job permanent and gave the inspector the ability to prosecute the wrongdoings he found. Considering that some states allow the attorney general or even the governor himself to prosecute matters of public corruption, this was not an unreasonable request.



LEFT: Sen. Kruse explains his view to a colleague on the importance of creating the Inspector General position to restore citizens' confidence in the government.

Opposition almost killed the bill early with a walk-out, but a compromise was reached. The amended version allows an appeals court judge to appoint the inspector general or choose an elected county prosecutor as a special prosecutor for such cases. In the end, the most important aspect of the bill is not who prosecutes the wrongdoers; it's that they are prosecuted in the first place.

Since Gov. Daniels created this position, reports to the inspector general's hotline have increased 20-fold compared to the old State Ethics Commission line, the inspector general has opened more than 50 investigations as a result of these reports and one set of charges has been filed.

The majority of state employees are hard-working public servants, who deserve recognition. But the inspector general is a strong first step to restoring the integrity of state government, which has been tainted by the work of corrupt employees.

BIOFUELS: Good for the Environment and the Economy

Two significant clean energy initiatives have become law.

House Enrolled Act 1032 requires state government to fuel state vehicles with agriculture-based fuels, such as biodiesel, ethanol, or gasohol, whenever possible. Biodiesel is a clean burning alternative fuel, produced from domestic, renewable resources such as soybeans. Biodiesel contains no petroleum, but it can be blended at any level with petroleum diesel. This helps improve air quality and our economy by taking advantage of resources from right here in Indiana.

Senate Enrolled Act 378 will expand the tax incentives passed during the 2003 legislative session on the production and use of Indiana soy diesel and ethanol fuels and provide additional incentives for clean coal gasi-

fication plants. This bill covers all facets of processing — from soybean crushers to oil refineries to the service stations that will supply the fuel — while growing the demand for agricultural commodities and increasing farmers' profits. Ethanol production plants cost around \$79 million to build and don't receive these tax breaks until they are making a profit in our state.

SEA 378 provides an additional \$5 million for bio-diesel production, which will be divided into \$1 million sections for the refineries, wholesale, blenders, and service stations that carry the fuel. The bill also expands the tax credit from \$10 million to \$20 million for large ethanol and soy diesel production plants. This will provide a great opportunity for both soy diesel and ethanol plants.

Additionally, SEA 378 provides tax credits for companies who build and operate integrated coal gasification power plants in Indiana. Coal gasification is the process of using Indiana's high sulfur-coal and transforming it into clean-burning energy.

Our state's use of coal has not kept up with our production. Since 1987, coal consumption in Indiana has increased by 30 percent, while Indiana's coal production has increased by only 3 percent. Over half of the coal used to generate electricity is imported into Indiana. If Indiana coal were to replace imported coal, it would add \$1.35 billion and 18,000 jobs to our state's economy.

With rising gas prices and pollution, this source of energy has great potential. The fuel is cheaper and better for our environment. The economic possibilities are fantastic.

SEA 223 — This bill allows a person to have his or her blood type printed on a license, permit, or identification card. This could help in emergency situations, as health care providers would be able to determine a person's blood type without having to run tests. **PASSED. My vote: YES**

SEA 56 — This bill creates the Department of Homeland Security (DHS) in order to coordinate the state's safety measures under a central entity. Currently, nine different entities deal with homeland security. **PASSED. My vote: YES**

SEA 15 — This bill requires that absentee voters receive a "voter's bill of rights" that will provide them with the information they need to properly cast their vote. It also establishes penalties for certain election fraud offenses. **PASSED. My vote: YES**